

**TEACHER REEMPLOYMENT AFTER
RETIREMENT**

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Eric K. Hutchings

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act by exempting licensed educators from certain postretirement employment restrictions.

Highlighted Provisions:

This bill:

- ▶ amends the six month postretirement wait period, for reemployment with the same agency, to 60 days for licensed educators who retire and are reemployed from the same school district;

- ▶ clarifies that exceptions from postretirement employment restrictions are subject to federal limitations; and

- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2008.

Utah Code Sections Affected:

AMENDS:

49-11-504, as last amended by Laws of Utah 2007, Chapter 130



Be it enacted by the Legislature of the state of Utah:

Section 1. Section **49-11-504** is amended to read:

49-11-504. Reemployment of a retiree -- Restrictions -- Exceptions.

~~[(1) A person who retires from a nonparticipating employer is not subject to any postretirement restrictions under this title.]~~

~~[(2) A retiree of an agency who returns to work at a different agency is not subject to any postretirement restrictions under this section and may not earn additional service credit.]~~

~~[(3)]~~ (1) ~~[For the purposes of Subsections (4) and (5);]~~ As used in this section, "full-time" employment means employment requiring 20 hours of work per week or more or at least a half-time teaching contract.

(2) (a) Subject to federal limitations, the following retirees are not subject to the postretirement restrictions under this title:

(i) a person who retires from a nonparticipating employer;

(ii) a person who retires from an elected position;

(iii) a retiree of an agency who returns to work at a different agency;

(iv) unless Subsection (2)(a)(v) applies, a retiree of an agency who is reemployed by the same agency after six months from the retirement date; and

(v) a retiree of an agency that is a school district and the retiree is:

(A) reemployed by the same agency after 60 days from the retirement date; and

(B) a licensed educator under Title 53A, Chapter 6, Educator Licensing and Professional Practices Act.

(b) A retiree under Subsections (2)(a)(iii) through (v) may not earn additional service credit.

~~[(4)]~~ (3) A retiree of an agency who is reemployed on a full-time basis by the same agency within six months of the date of retirement is subject to the following:

(a) the agency shall immediately notify the office;

(b) the office shall cancel the retiree's allowance and reinstate the retiree to active member status;

(c) the allowance cancellation and reinstatement to active member status is effective on the first day of the month following the date of reemployment;

(d) the reinstated retiree may not retire again with a recalculated benefit for a two-year

59 period from the date of cancellation of the original allowance, and if the retiree retires again
60 within the two-year period, the original allowance shall be resumed; and

61 (e) a reinstated retiree retiring after the two-year period shall be credited with the
62 service credit in the retiree's account at the time of the first retirement and from that time shall
63 be treated as a member of a system, including the accrual of additional service credit, but
64 subject to recalculation of the allowance under Subsection ~~[(9)]~~ (7).

65 ~~[(5)]~~ (4) A retiree of an agency who is reemployed by the same agency within six
66 months of retirement on a less than full-time basis by the same agency is subject to the
67 following:

68 (a) the retiree may earn, without penalty, compensation from that position which is not
69 in excess of the exempt earnings permitted by Social Security;

70 (b) if a retiree receives compensation in a calendar year in excess of the Social Security
71 limitation, 25% of the allowance shall be suspended for the remainder of the six-month period;

72 (c) the effective date of a suspension and reinstatement of an allowance shall be set by
73 the office; and

74 (d) any suspension of a retiree's allowance under this Subsection ~~[(5)]~~ (4) shall be
75 applied on a calendar year basis.

76 ~~[(6)]~~ (5) For six months immediately following retirement, the retiree and participating
77 employer shall:

78 (a) maintain an accurate record of gross earnings in employment;

79 (b) report the gross earnings at least monthly to the office;

80 (c) immediately notify the office in writing of any postretirement earnings under
81 Subsection ~~[(4)]~~ (3); and

82 (d) immediately notify the office in writing whether postretirement earnings equal or
83 exceed the exempt earnings under Subsection ~~[(5)]~~ (4).

84 ~~[(7) A retiree of an agency who is reemployed by the same agency after six months
85 from the retirement date is not subject to any postretirement restrictions under this title and
86 may not earn additional service credit.]~~

87 ~~[(8)]~~ (6) If a participating employer hires a nonexempt retiree who may not earn
88 additional service credit under this section, the participating employer shall contribute the same
89 percentage of a retiree's salary that the participating employer would have been required to

90 contribute if the retiree were an active member, up to the amount allowed by federal law, to a
91 retiree designated:

92 (a) qualified defined contribution plan administered by the board, if the participating
93 employer participates in a qualified defined contribution plan administered by the board; or

94 (b) qualified defined contribution plan offered by the participating employer if the
95 participating employer does not participate in a qualified defined contribution plan
96 administered by the board.

97 ~~[(9)]~~ (7) Notwithstanding any other provision of this section, a retiree who has returned
98 to work, accrued additional service credit, and again retires shall have the retiree's allowance
99 recalculated using:

100 (a) the formula in effect at the date of the retiree's original retirement for all service
101 credit accrued prior to that date; and

102 (b) the formula in effect at the date of the subsequent retirement for all service credit
103 accrued between the first and subsequent retirement dates.

104 ~~[(10) This section does not apply to elected positions.]~~

105 ~~[(11)]~~ (8) The board may make rules to implement this section.

106 Section 2. **Effective date.**

107 This bill takes effect on July 1, 2008.

Legislative Review Note
as of 1-31-08 1:39 PM

Office of Legislative Research and General Counsel

H.B. 372 - Teacher Reemployment after Retirement

Fiscal Note

2008 General Session

State of Utah

State Impact

Enactment of this bill will cause state retirement contribution rates to increase 0.64 percentage points for all current employees covered by the contributory and noncontributory retirement plans. This will require an appropriation of approximately \$5.4 million distributed among all state agencies, higher education, and public education.

	FY 2008	FY 2009	FY 2010	FY 2008	FY 2009	FY 2010
	<u>Approp.</u>	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
General Fund	\$0	\$2,658,700	\$2,658,700	\$0	\$0	\$0
Uniform School Fund	\$0	\$200,900	\$200,900	\$0	\$0	\$0
Transportation Fund	\$0	\$388,200	\$388,200	\$0	\$0	\$0
Federal Funds	\$0	\$1,001,000	\$1,001,000	\$0	\$0	\$0
Dedicated Credits	\$0	\$534,900	\$534,900	\$0	\$0	\$0
Restricted Funds	\$0	\$431,300	\$431,300	\$0	\$0	\$0
Transfers	\$0	\$197,000	\$197,000	\$0	\$0	\$0
Total	\$0	\$5,412,000	\$5,412,000	\$0	\$0	\$0

Individual, Business and/or Local Impact

Enactment of this bill will affect local education agencies and local government whose retirement rates would increase by 0.64 percentage points. Some employees covered by the Utah Retirement Systems may be subject to different post-retirement employment restrictions and different contribution rates.